

# Developing Strategy

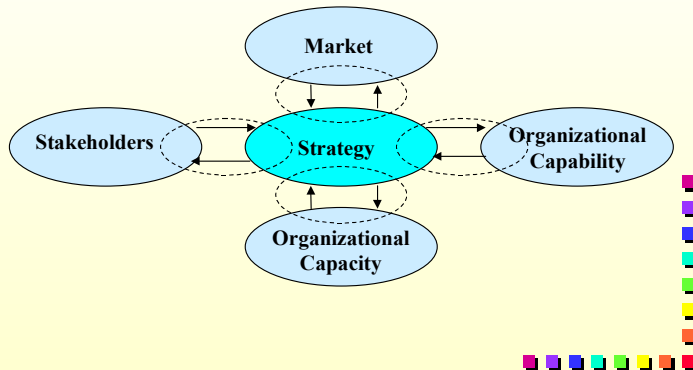
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## Strategic Thinking

An organization's strategy should flow from an analysis of the market opportunity and threats,

### The Glocal Vantage Point



capabilities of the organization, aspirations of its people, and the desires of its stakeholders. Strategy development encompasses the creation of a vision, selection of a mission, setting of goals, development of strategies and identification of organizational values. A strategic plan is the organization's interpretation of the market opportunity. It is its way to capitalize on the market opportunity based on its vision, mission, goals and capabilities. A strategic plan is organization dependent because no two organizations have the same vision, mission, goals, and capabilities. Therefore, even if two organizations uncover the same opportunity, they are

likely to perceive it differently. A strategic plan is a way to minimize or avoid threats. It is a method to effectively utilize the organization, to satisfy the organization's stakeholders, and a way to provide competitive differentiation.

To develop a strategic plan, the organization must:

- Understand the market in which it operates
- Understand the needs and aspirations of people in the organization
- Synthesize the needs of market, stakeholders, and people into a vision
- Establish a shared vision, select a mission, set goals, and

### Strategic Thinking Process



develop the plan together with the organization

- Create the strategies to capitalize on the opportunity, avoid or minimize the threats, and meet organizational needs as stated in the vision, mission, and goals
- Identify organizational values and reinforce their development in the organization

There are many different types of strategies. Strategies can be driven by technology, customers, competition, stakeholders, strategic relationships, organizational capability, organizational culture or personal vision. In some situations, each may be appropriate. In most situations, following just one to the exclusion of others will result in failure. However, in all cases, a market-driven strategy can be successful. In a market-driven strategy, all the different types of strategies are considered and the appropriate one, or mix, for the situation selected.

A strategic plan is composed of five elements - vision, mission, goals, strategies and values. For an organization a vision provides purpose. A mission defines the area of operation. Goals are objectives to be reached. The strategies detail how to accomplish the goals, within the mission, to make the vision a reality. Strategies are developed to take advantage of the opportunities, avoid or minimize the threats, and fully and effectively utilize the organization. Values establish priorities within the organizations in the execution of the strategies.

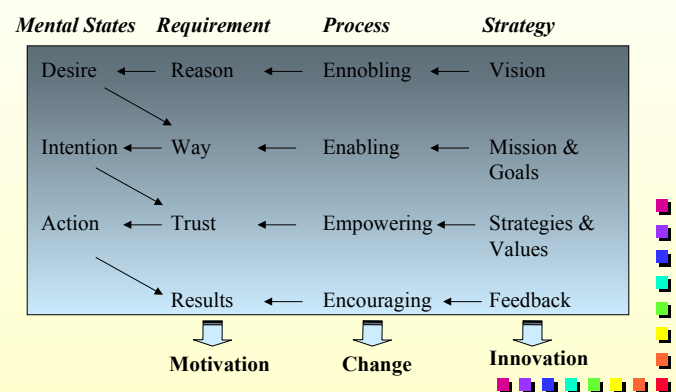
A strategy is the road map for change. Because of the interaction of the driving forces for change with customer needs, technological capabilities, and competitive responses, the market the organization wishes to serve is constantly changing. In order for the organization to remain competitive in a glocal (global and local) market, it must change to align its projects, resources, and culture to the redefined opportunity. The strategy is the link between the changing world outside the organization and the world inside the organization that needs to change.

The internal implications of the organization's strategy are enormous and must be addressed within the strategy. A strategy focused only on the outside world will not be effective or efficient. The organization's strategy calls for the organization, and thus the people in it, to change, and gives them the path. If the organization is motivated to change, change will result, and innovation will follow. If that innovation can be focused continually on the market, the organization will be successful.

For individuals to change, they must first have the desire to change. If an individual has the desire to change, he or she may develop the intention to change. If intention develops, the person may act on that intention.

The process of facilitating this series of events is motivation. Motivation is not a thing; it is a process. To motivate someone to change, a compelling reason for change must be developed and communicated to that person in a language the person understands. If this creates the desire to change, the intention to change may grow if the way to achieve change is developed and communicated. If the person believes

## Change Process



that the way is credible, plausible, and likely to result in success, the person will develop the intention to change. If trust has been established between the person and the organization of which he or she is a member, the person will act on that intention and begin to change. At this stage, change is still delicate. If there are no positive results that are obvious to the individual, he or she may revert to old patterns of behavior, or even worse, hunker down and wait for the storm to blow over. This behavior is devastating to the organization. However, if positive results are obtained in the early stages, and the individual sees the long-term perspective, significant change can be effected.

The processes of change in an organization therefore become the "Four E's". If the organization ennobles, enables, empowers, and encourages, positive change will result. The result of the Four E's is a fifth E, enjoyment. The people in the organization will enjoy what they are doing even if the change path is difficult.

Much has been written and said about empowerment in today's business world. Its virtues have become almost common wisdom, and it is offered as a panacea for almost all problems. But empowerment without ennoblement and enablement is a recipe for disaster. Just telling people that they are empowered to change without giving them the tools of change and the channel for change is sure to fail.

The ennobling process gives people the reason for change and thus justifies the extraordinary risk and hard work it takes to go through change. To ennoble someone is to give them a higher purpose and give meaning to their work. And as work is the main activity of most people's lives, if their work is ennobled, their life can become ennobled. In strategy development, ennoblement is provided by the vision.

Enabling means providing the tools for change, giving the people the weapons they need to fight the battles of change. Many of these extend beyond the scope of strategy development, but the two elements of strategy that do apply here are mission and goals. Missions and goals can be hierarchical, subdivided down so that every individual sees how their piece fits into the organization's strategy. The strategic plan empowers individuals to act. It tells them how to go about the process of change.

Encouragement is provided by feedback of the positive results. This is one of the reasons why a good measurement system must be established. Measurements can also be hierarchical, so that each individual can be measured on their contributions. Measurements can also be time phased. Some measurements can be developed that will show results earlier than those that reflect the significant organizational change.

## Creating a Vision

Creating a vision that can take advantage of the opportunity, meet the business objectives of the organization, and effectively energize the people who work in the organization is one of the most important and creative things that a manager can do. It can turn a

## To Create a Vision


Decide what will excite people.  
Focus the vision on strategic advantages.  
Think about how your organization adds value to others.  
Make the vision simple enough to be used to make decisions.  
Develop a strategy to gain a broad base of support for the vision.  
State it in the present tense.

manager into a leader. Many organizational vision statements have no spirit. They are weak and platitudinous. This type of formulation must be avoided. The vision will not only not accomplish what you want it to but will be detrimental to the morale of the organization. A vision:

- Provides a bridge from the present to a future state
- Is a target that beckons
- Depicts a future state that does not exist and never existed before
- Confers status
- Bridges between the market, the business, and people
- Energizes the organization

Use both informal and formal channels of communication. Make sure that everyone shares in the vision including employees, customers, stakeholders, and suppliers. In the process of gaining support for the vision, the vision may need to be modified. Experience of many leaders has shown that it is wise to alter the vision to gain the maximum amount of support. It is important that the vision be communicated to and shared by the organization and its stakeholders.

### Characteristics of a Good Vision

- |   |  |
|---|--|
| ■ Be short and succinct   | ■ Unite people and give them a collective identity                                       |
| ■ Be clear and unambiguous  | ■ Make work exciting, not by pushing, but through identification with common goals       |
| ■ Have meaning to everyone in the organization                                    | ■ Establish integrity, dedication, openness, creativity, and courage in the organization |
| ■ Lead to distinctiveness   | ■ Encourage people to think longer term  |
| ■ Be innovation rich  | ■ Allow people to understand the whole   |
| ■ Provide reason for extraordinary effort   | ■ Encourage people to exert influence beyond their bounds                                |
| ■ Be sustainable through mission, product, technology, and organizational changes | ■ Unite multiple, sometimes conflicting, constituencies                                  |
| ■ Be identifiable with the greater good   | ■ Foster thinking in terms of renewal  |
| ■ Help people feel significant  |  |
| ■ Establish the value of learning and competence                                  |  |
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Many surveys have been conducted in all cultures of what people want to accomplish with their lives. This kind of cultural information is basic to an understanding of the specific characteristics and values of the people in the organization. For example, the table below lists the top seven things Americans say they want out of their lives. To determine what the people in a particular organization want to accomplish with their lives, surveys, interviews, and focus groups can be designed and conducted. This, together with information for your culture, can be used to help formulate a vision.

Priority	What People Want
1	People want more control over their own lives and over the destinies of their families.
2	People want opportunities to learn and develop throughout their lives.
3	People want interesting work/meaningful activity/ important roles that offer recognition and rewards.
4	People want to participate in and actively experience life rather than watch or experience others performing.
5	People want challenges to their creative /problem-solving abilities.
6	People want to live and work among open, happy, trusting people.
7	People do not want to be unwillingly or unwittingly jeopardized.

*What do Americans say they want out of life? (Summarized from over 100 attitude and opinion surveys.),* David Pearce Snyder and Gregg Edwards, *Future Forces*, Foundation of the American Society of Associated Executives, 1984.

Visioning does not lend itself to linear processes. It is basically intuitive, holistic, iterative, and synthetic. It is advisable to work with a group of people who represent a cross section of the organization in a focus group or nominal group setting. The vision statement, once created, must be "socialized" with ever larger groups of people, modifying it along the way, until the entire organization and its stakeholders have adopted it.

In summary, to establish a vision, the organization must know how to learn what its members believe is important, credible, and relevant. Then it must identify the directions the members find exciting, develop a positive vision to embody this, and communicate it to the people in language they understand.

## Selecting a Mission

A mission defines the area of business chosen to help make the vision a reality. It puts boundaries around the organization to channel and focus its efforts. A well-selected mission makes the organization more effective in its operations. It defines the area of the opportunity that will be addressed. As a result, it selects the competition the organization will face. Since it narrows the organization's focus, it can lead to the development of sustainable competitive advantage.

## Establishing Goals

Goals are measurable objectives that the organization must reach within an identified time frame. Often it is advisable to establish several different time frames for goals, for example, periods of five and ten years. Goals are steps on the organization's way to actualizing the vision within the chosen area of business. Goals must be attainable but outside the current reach of the organization. The organization must need to be innovative to reach the goals. If the goals are too easily attained, they will not serve to motivate the organization. If the goals are impossible to reach, frustration will develop, and morale will drop. It is imperative to monitor progress on the path to realization of the goals. This means that the degree of attainment of the goals must be measurable; therefore, a measurement system must be established every time a goal is set. Goals are indicators of what's worth achieving in and by the organization. They become the "glue" for the organizational structure. Goals can be segmented, and each piece related to the whole. This creates a hierarchy of purpose, and it gives people in the organization a way to identify with the vision. A vision can sometimes be too lofty; people can buy into the vision but not see how they can contribute. Hierarchical goals provide individuals with a way to help the organization and themselves realize the vision.

## Developing Organizational Implications

The next step in the process is to develop the organizational implications, positive and negative, of the opportunity, vision, mission, and goals. This is best done by considering five areas of the organization:

- Organizational structures: Mission structures (org charts), programs for support of concepts generated by the organization, programs to facilitate the development of intra organizational and extra organizational experience, programs and structures to promote learning or developmental assignments, programs and structures to encourage mentoring
- Communication systems: Project management systems, internal and external publications, databases and computer conferences, internal and external professional societies, libraries, seminars and symposia
- Incentives: Career multi-paths, award, salary programs that promote continued development, ownership equity, recognition programs, intangibles such as valuing "creative" failure higher than "safe" path, access to power tools of change, time to pursue innovative projects, ability to be involved in more innovative programs, dress codes, out-of-company activities, work atmosphere
- Education: Skills development (personal, management, technical), integrative skill development (creativity, innovation, professionalism, forecasting, and leadership)
- Management systems: Establish the shared vision, set strategic direction, provide objectives, create change programs, guidelines, reviews, and measurements, assure commitment, demonstrate patience, be flexible.

The organizational implications are developed by going through each statement or fact in the opportunity, vision, mission, and goals carefully and developing a list of implications of each statement for each of the five categories listed at the beginning of this section. When a list of implications has been created, assess the importance of each. They will be used to help develop the strategic plan.

## Developing Strategies

Strategies must inform the organization about how to accomplish the goals within the mission in order to reach the vision. A strategic plan is a statement of how the organization will produce an attractive growth rate and a high rate of return on investment by achieving a market position so advantageous that competitors can retaliate only over an extended time period at a prohibitive cost. This can best be accomplished if the strategic plan allows the organization to innovate in products, processes, and procedures which take advantage of the opportunity, actualize its vision, permit it to compete effectively within its mission, and make it possible for it to reach its goals.



To develop strategies, both the positive and negative implications must be ranked. Strategies must encompass all the high ranked positive implications and avoid or minimize the negative implications of the opportunity, vision, mission, and goals. They must allow enough flexibility within the organization to contain the lower ranked implications. There should be a strategic statement for every high-ranked implication or cluster of implications.

The process of establishing a strategy does not lend itself well to hard-and-fast, step-by-step protocol. Like many processes discussed, it is integrative and holistic. The strategy is best developed in a group setting with a representative sample of the organization participating. When the strategy is complete, review it against the opportunity: It is imperative that the strategy take advantage of the opportunity. Modify the strategy if required.

Sometimes it is advantageous to develop multiple strategies that are then tested with a broader representation of the organization and its stakeholders. This can be done by cycling back and changing one or all of the organization's vision, mission, and goals. The strategy represents the way the organization views the opportunity and is going to take advantage of the opportunity. Strategies must be selected along with a consistent vision, mission, and goals. Sometimes, two areas will be established within an organization with different missions to exploit the opportunity more fully.

## Strategies

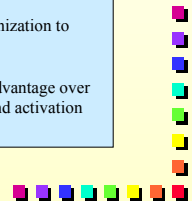
Decisions that must be made today but which affect the future

Major questions of resource allocation that determine the organization's long- term results

The calculated means by which the organization will deploy' its resources to accomplish its purpose under the most advantageous circumstances.

The methods to establish a competitive edge, allowing the organization to serve its customers better than its competitors

The broad principles by which a company hopes to secure an advantage over competitors, an attractiveness to buyers, and a full utilization and activation of its resources, technology, and culture



## Identifying Organizational Values

Organizational values important to the development of strategy exists in two categories - vitality and quality. Vitality values determine how fast the organization can change and grow. Quality values determine the quality of the goods and services produced by the organization. At a very fundamental level, the quality values determine how the organization perceives and defines quality. These two sets of values work together to define the organizational culture. In any efficient organization, only a few of each set of values are developed. In an effective organization, those values are focused on the value expectations of the market.

## Organizational Values

### Vitality

- Self Development
- Communication
- Environmental Awareness
- Multiple Skills
- Teamwork
- Vision
- Leadership
- Creativity
- Innovativeness
- Intellectual Property

### Quality

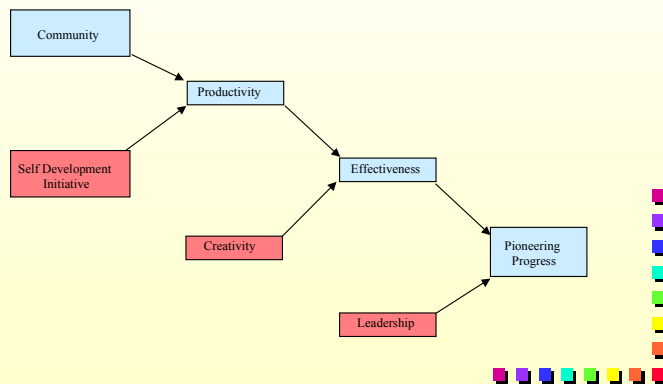
- Achievement
- Effectiveness
- Appropriate Technology
- Service
- Productivity
- Efficiency
- Control
- Pioneering Progress
- Community
- Self Actualization



In practice, it is advisable to identify three vitality values and four quality values. These values work in pairs to create a dialectic, or conversation, that results in the reality of the organization.

For example, in a non-profit organization recently assessed, the collective community and the individual self development initiative, normally opposites, work together to create the organization's definition of productivity. Productivity creates dialectic with its natural opposite, creativity, to produce effectiveness. And, effectiveness is combined with leadership to develop pioneering progress.

## Values Dialectic



A simple description of the culture of this organization would be:

*This organization is built on the combination of its members accepting the responsibility for their own futures while at the same time being committed to the community that encompasses the organization and its strategic partners. Independent initiative, creativity and interdependent cooperation are all maximized. This allows the organization to creatively develop solutions for problems identified by its customers. The members of this organization are all masters of change and able to focus the organization's capacity on translating the intentions of the organization into reality. The purpose of the products and services of this organization is to make positive change in social organizations and systems.*

## Innovation

When the strategy is complete, an innovation map, utilizing the InnoVantage Grid, can be created which represents the innovation focus of the strategy. This is done by reviewing each strategic statement, creating a list of innovation implications for each statement, and categorizing each by type of innovation. These can be weighted and combined to create an innovation strategy that is represented by the innovation map.

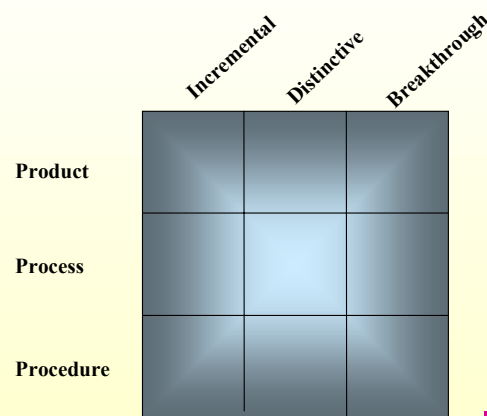
### Nature

**Product:** The output of the organization (goods, information and/or services).

**Process:** The way in which the product is developed, produced and distributed.

**Procedure:** The manner in which the organization interacts with its customers, strategic partners, suppliers and other stakeholders

## InnoVantage Grid





### Class

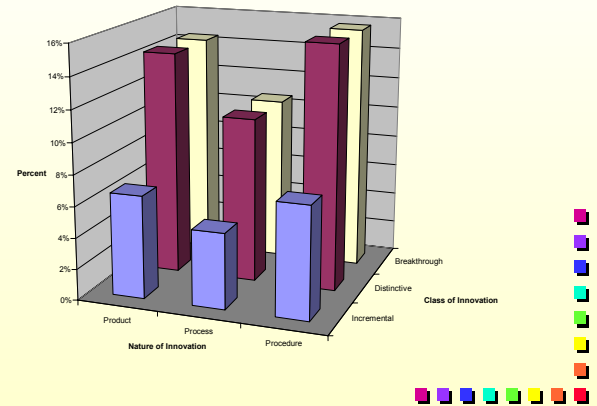
**Breakthrough:** The introduction of the first of a new kind product, process or procedure.

**Distinctive:** A new member of the class of innovations created by the breakthrough

**Incremental:** A change to an existing distinctive innovation

The innovation profile resulting from the values identified for the non-profit organization described above could result in an innovation profile as shown.

### Innovation Profile



Compare the resulting innovation map with the opportunity. Do they match? If not, review the process to find out how the discrepancies developed. Determine whether you can alter the strategy to bring it more in line with the opportunity.

### Information

For more information, visit the author's web site at [www.glocalvantage.com](http://www.glocalvantage.com), or contact them at (512) 302-1935 or [info@glocalvantage.com](mailto:info@glocalvantage.com)